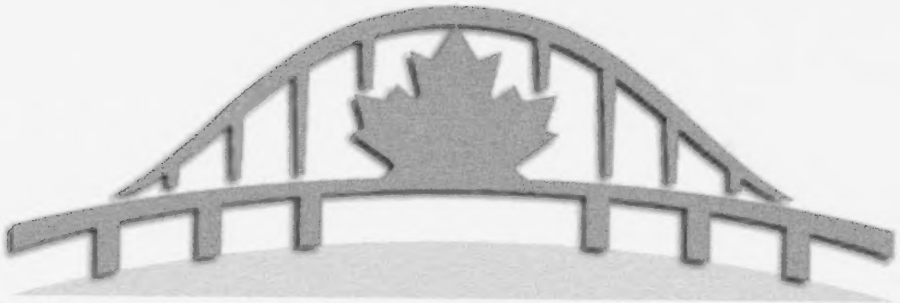

FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

Summary Corporate Plan
2017-18 to 2021-22

Canada

Version: 12/14/2017 11:44:00 AM

1 Executive Summary

Persistently moving forward with renewed purpose and vigour is the governing attitude for 2017 at The Federal Bridge Corporation Limited (FBCL). Major accomplishments in alignment occurred throughout all operational layers of the organization, including toll policies, bridge inspections, project management, remuneration and terms of employment.

FBCL has a clear horizon to make progress in its mandate and to focus on four international bridges that provide vital trade routes and links between Ontario, Michigan State and New York State, facilitating the health and growth of the Canadian economy. This summary plan outlines the strategy for the next five years.

The fundamental challenges remain largely unchanged. The diversity of the operations across the bridge portfolio is significant. The Blue Water Bridge near Sarnia, Ontario has great strategic economic significance for commercial transit as well as the largest traffic volume. The Seaway International Bridge Crossing in Cornwall, Ontario has the most challenging operating environment. The regional demographics and traffic patterns at the Thousand Islands International Bridge and the Sault Ste. Marie International Bridge differ significantly.

As is outlined in the analysis section of this Plan, FBCL's portion of the overall market is in the low 30% range. Market share is growing although commercial traffic is outpacing that of overall traffic. FBCL's share growth within the lucrative commercial market demonstrates positive contrast relative to that in Ontario overall which is steady at roughly 20%.

FBCL's operational goals remain the sharing of best practices across all locations, implementing a common administrative infrastructure and setting the course for a strong, self-sustaining corporation.

FEDERAL BRIDGE CORPORATION LIMITED

A federal Canadian Crown corporation entrusted with the oversight of selected international bridges.

- **Sault Ste. Marie International Bridge**
  Sault Ste. Marie, Ontario
- **Blue Water Bridge**
  Point Edward, Ontario (Sarnia)
- **Thousand Islands International Bridge**
  Lansdowne, Ontario
- **Seaway International Bridge Crossing**
  Cornwall, Ontario

The Canadian economy has begun to show signs of recovery and stability however the value of the Canadian dollar is still the subject of volatility. Canada's most important trade partner is facing its own challenges both domestically and internationally. At ground level, FBCL's significant investments in bridge and plaza improvements are progressing toward completion whereas influences from market dynamics driven by the economy, adjoining indigenous communities and regional competitors remain to be fully appreciated. Greater emphasis on marketing, business development and customer relationship management in support of the Corporation's program alignment architecture will facilitate a clearer ability to adjust for shifting market forces.

To arrive at these results, FBCL is directing its energies in four major activity areas. These are:

- Diligent management of its bridge assets;
- Intensified focus on managing its sources of revenues;
- Continuous improvements in trade and border support; and,
- On-going progress towards operational efficiency.

1.1 Financial Position

The Summary Corporate Plan is presented under International Financial Reporting Standards (IFRS) and is the first plan with complete 12-month prior year comparisons, since amalgamation.

FBCL's overall financial position is positive and this perspective is supported through the assessment of Standard & Poor's Financial Services LLC upgrade of FBCL's long-term issuer credit and senior unsecured debt ratings to 'A'. The financial outlook reflects their expectation that, in the next two years, FBCL's overall bridge traffic will remain relatively stable and its debt burden will continue to decline.

For FY2016-17, forecasted expenses are outpacing budgeted values by $1.36M however this has been more than positively offset by $5.69M in additional revenue. The difference between current forecasts and prior budgeted values is largely due to improvements in traffic trends and diligent toll rate management. Increased expenses were primarily the result of a mid-year review of asset life components such as road surfaces, steel structures, piers, etc. resulting in higher depreciation amounts.

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Canada

3 Corporate Profile

3.1 Background

The Federal Bridge Corporation Limited (FBCL) was created by articles of incorporation under the *Canada Business Corporations Act*. It is an agent of Her Majesty in Right of Canada and is a parent Crown corporation as listed in Schedule III, Part 1 of the *Financial Administration Act*. It reports to the Parliament of Canada through the Minister of Transport.

The Corporation is responsible for Canadian federal interests at four of eleven international bridge locations in Ontario and is headquartered in Ottawa, Ontario.

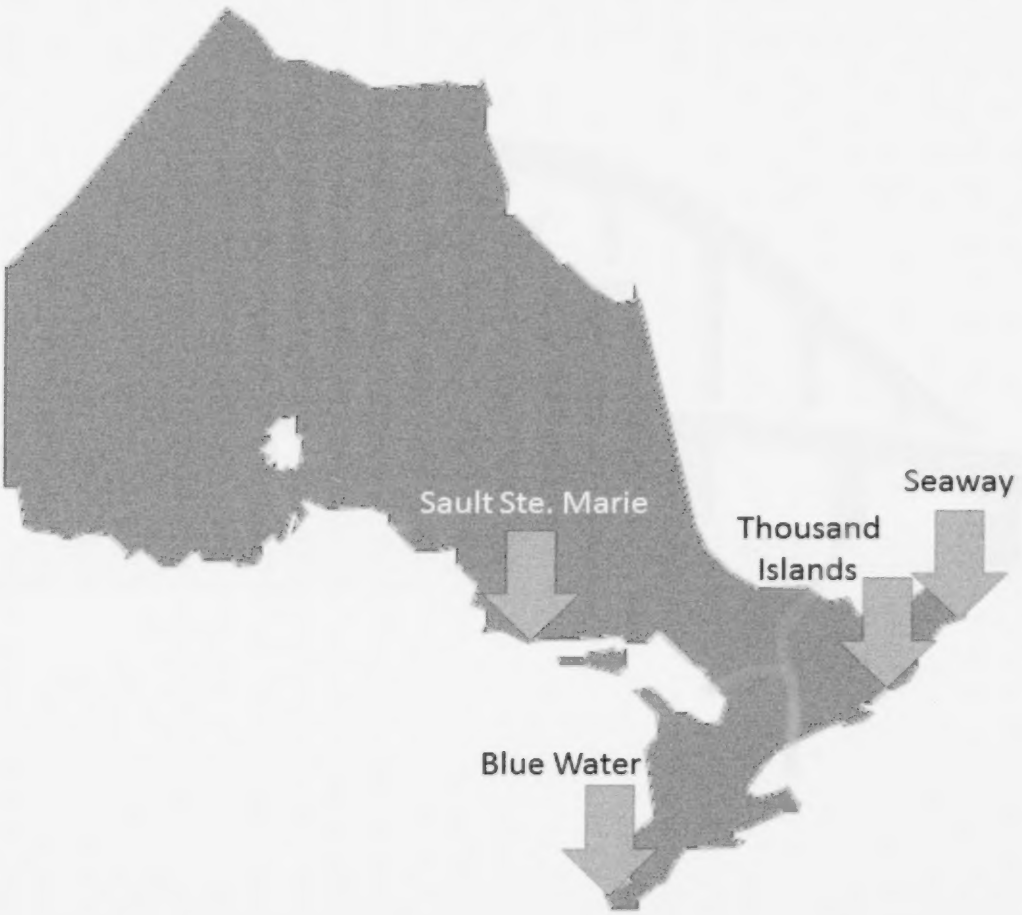

Figure 1 Assets of The Federal Bridge Corporation Limited

Sault Ste. Marie International Bridge	Blue Water Bridge	Thousand Islands International Bridge	Seaway International Bridge Crossing
Sault Ste. Marie, Ontario	Point Edward (Sarnia), Ontario	Lansdowne, Ontario	Cornwall, Ontario
Sault Ste. Marie, Michigan	Port Huron, Michigan	Alexandria Bay, New York	Rooseveltown, New York

FBCL's responsibilities and relationships are varied and reflect the unique origin of each bridge. FBCL owns crossing assets and provides oversight to bridge operations, administering international agreements associated with the bridges, leading bridge engineering and inspection duties and management of bridge capital investment projects.

The Corporation is governed by a Board of Directors ("the Board") that is composed of seven directors, including the Chairperson and the President and Chief Executive Officer (CEO). The Chairperson and the CEO are appointed by the Governor in Council, in accordance with section 105 of the *Financial Administration Act*. The directors, other than the Chairperson and the CEO, are appointed by the Minister with the approval of the Governor in Council.

The present form of FBCL was created through an amalgamation with the St. Mary's River Bridge Company, previously a wholly-owned subsidiary, on January 27, 2015 and the Blue Water Bridge Authority, another parent Crown corporation, on February 1, 2015. FBCL was also authorized by Bill C-4, the *Economic Action Plan 2013 Act, No. 2*, to amalgamate with its remaining subsidiary, The Seaway International Bridge Corporation, Limited (SIBC). The amalgamation will occur at a later date, following successful consultations between various federal Canadian and U.S. government counterparts.

The organizational structure outlined below allows FBCL to manage all bridges as a portfolio, sharing of staff, expertise, support infrastructure, revenues, expenses and best practices through a common administrative framework for the collective benefit of the four assets.

	Sault Ste. Marie International Bridge	Blue Water Bridge	Thousand Islands International Bridge	Seaway International Bridge Crossing
FBCL Ownership	50% of the bridge; 100% of Canadian bridge plaza and port of entry	50% of each of the twin bridges; 100% of Canadian bridge plaza and port of entry	100% Canadian Bridge; 50% Rift Bridge; 100% of Canadian bridge plaza and port of entry	100% North Channel Bridge, 100% of Canadian toll plaza and International Road; 32% South Channel Bridge
International Partner	Michigan Department of Transportation	Michigan Department of Transportation	Thousand Islands Bridge Authority, a New York State *Public Authorities Law* public benefit corporation	Saint Lawrence Seaway Development Corporation, an agency of the United States Department of Transportation
Bridge Operator	International Bridge Administration, a distinct administrative unit within the Michigan Department of Transportation with delegated authority from Sault Ste. Marie Bridge Authority a separate legal entity constituted by Michigan Department of Transportation and FBCL	Canadian portion: FBCL; American portion: Michigan Department of Transportation	Thousand Islands Bridge Authority	Seaway International Bridge Corporation Limited, a subsidiary Canadian Crown corporation
Governance Structure	Eight Directors: four Americans appointed by the Governor of Michigan; four Canadians appointed by FBCL	Canadian portion: FBCL; American portion: Michigan Department of Transportation	U.S. Chair and six Directors appointed by Jefferson County: three Americans and three Canadians (recommended by FBCL)	Eight Directors appointed by FBCL, four Canadians and four Americans (recommended by Saint Lawrence Seaway Development Corporation)

3.2 Mandate

FBCL's mandate, approved by the Minister of Transport and established within the executed Amalgamation Agreement of its legacy corporations, is to provide the highest level of stewardship so that its international bridges and associated structures are safe and efficient for users.

The business or undertaking of the Corporation shall be limited to the following:

a) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of bridges or other related structures, facilities, works or properties, including approaches, easements, power or communication transmission equipment, pipelines integrated with any such bridge, other related structure, facility, work, or property, linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America, either alone, jointly or in cooperation with any other person, legal entity or governmental authority in Canada or in the United States of America;

b) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of other bridges or other related structures, facilities, works or properties, as the Governor in Council may deem appropriate, on such terms and conditions as the Governor in Council may determine; and

c) Any business, undertaking or other activities incidental to any bridge, or other related structure, facility, work or property contemplated in paragraph (a) or (b).

For the foregoing purposes, the Corporation has, subject to the *Financial Administration Act*, the *Canada Business Corporations Act*, and these articles, as amended from time to time, the capacities and powers of a natural person.

3.3 Financial Summary

At present, FBCL is operationally financially self-sufficient and working in collaboration with the Crown to manage costs resulting from recently required major capital expenditure requirements. FBCL's ultimate goal is full financial autonomy; to generate adequate revenue to cover operational expenses and build necessary fiscal surpluses to address the present and future capital requirements of the bridges such as construction, rehabilitation and enhancements.

FBCL's revenue from operations consists of:

- Tolls collected at international bridges;
- Earnings from currency exchange services;
- Leases and licenses from:
    - Commercial properties on the bridge plazas such as duty free stores, food services and brokerage facilities;
    - Properties bordering bridges that are retained for future use;

- Licenses and permits for utilities and services exploiting the bridges' rights of way; and,
- Interest and other miscellaneous revenue.

Over the years, the Canadian federal government has provided funding for specific major capital projects and emergency situations. With time, FBCL aims to build an adequate reserve to minimize its financial dependency on the Crown and to share resources and expertise across all bridge locations, exploring opportunities for greater revenue growth and optimizing the condition of the portfolio of assets. In the interim, FBCL is administering legacy funding constraints on a per location basis.

3.3.1 Capital Investments

Parliamentary appropriations were provided for special major capital projects: the rehabilitation of the Canadian Plaza at the Sault Ste. Marie International Bridge; the Lansdowne Port of Entry facilities at the Thousand Islands International Bridge; and, the construction of a new low-level North Channel Bridge and improvements to International Road at The Seaway International Bridge Crossing.

3.3.2 Debt

As referenced above, in the short term, FBCL is administering legacy fiscal and debt constraints on a location specific basis.

The Corporation has financing arrangements to fund the portion of major capital projects that cannot be covered within available funding in the portfolio. Pursuant to the *Economic Action Plan 2013 Act, No. 2*, the maximum that FBCL can borrow is $130M, subject to Minister of Finance approval.

3.3.3 Financial Prospects

FBCL's financial risks are assessed regularly by Standard & Poor's Financial Services LLC. On Nov. 17, 2016, S&P Global Ratings raised its long-term issuer credit and senior unsecured debt ratings on FBCL from 'A-' to 'A'. They define the outlook as "stable". In part, the ratings reflect the Corporation's relative ability to manage toll rates, its diversity of assets (which helps to mitigate traffic volatility and contributes to cash flow stability), and adequate liquidity. The stable outlook reflects their expectation that, in the next two years, FBCL's overall traffic will remain relatively stable and its debt burden will continue to decline.

On the expenditure front, whereas Canadian bridge owners must comply with the *Customs Act* (Section 6) and the *Health of Animals Act* to provide the Canada Border Services Agency and the Canadian Food Inspection Agency with facilities, similar expenses for the U.S. Customs and Border Protection organization are not the responsibility of American bridge owners/operators.

A stable debt service coverage ratio (DSCR) is projected in the planning period and the overall debt burden is expected to decline, with debt to total revenues falling to 1.6x by fiscal 2017-18

from 1.8x in fiscal 2016-17 and 2.2x in fiscal 2015-16. The relatively mature capital program projected for the next five years will also minimize the need for additional indebtedness.

4 Corporate Governance

As a Crown corporation, FBCL is governed by a Board of Directors and is accountable to Parliament through the Minister of Transport.

Figure 2 FBCL Operational Structure

As previously indicated, bridge operations for the Blue Water Bridge and the Seaway International Bridge Crossing are directly administered by FBCL whereas FBCL provides a liaison function through local bridge authorities for the operations of Sault Ste. Marie International Bridge and Thousand Islands International Bridge.

4.1 FBCL Board Role

The Board is responsible for the oversight and strategic direction of the Corporation. It sets corporate objectives and direction, ensures good governance, monitors financial performance, approves budgets and financial statements, approves policies and by-laws, as well as ensures that risks are identified and managed.

The Board is currently supported in its role and responsibilities by the legally required Finance and Audit Committee as well as by a Governance, Policy and Human Resources Committee.

The Board has established a Charter for each standing Committee and operating guidelines that govern the operations of all committees. The Board may establish other committees as required to assist the Board in meeting its responsibilities.

4.2 Committees

4.2.1 Finance and Audit Committee

Mandate: As per the duties outlined in the *Financial Administration Act*, the Finance and Audit Committee provides oversight and makes recommendations to the Board on the standards of integrity and behaviour, the reporting of financial information, management control practices, risk management and insurance needs.

The Committee is responsible for advising the Board on matters related to financial statements, any internal audit of the Corporation and the annual auditor's report of the Corporation. The Finance and Audit Committee is also responsible to review and advise the Board with respect to a special examination, and the resulting plans and reports. The Committee performs other functions assigned to it by the Board and that are included in the corporate by-laws.

Membership: The Committee is composed of three Directors appointed by the Board, one of whom is appointed as Chair of the Committee. The Board Chair is also a non-voting ex officio member of the Committee.

4.2.2 Governance, Policy and Human Resources Committee

Mandate: The Mandate and Operational Guidelines of the Committee were ratified and approved by the Board on March 30, 2016. This Committee assists the Board in overseeing the Corporation's governance, board policy infrastructure and human resources. The role of the Committee is to support the Board in the discharge of its responsibilities by performing due diligence on matters within its area of responsibility. Its function is not to approve but make recommendations for approval by the Board.

Membership: This Committee is composed of at least two members of the Board who are appointed by the Board on the recommendation of the Board Chair. One of these members is designated by the Board, on the recommendation of the Board Chair, to be the Chair of the Committee. The Board Chair is also a non-voting ex officio member of the Committee.

4.3 Audit Regime

The audit regime consists of external and internal audits. The Office of the Auditor General conducts an annual audit of the consolidated financial statements to verify that they fairly reflect the operating results and financial position, and that the transactions have been carried out in accordance with International Financial Reporting Standards (IFRS) and Part X of the *Financial Administration Act*. The Office of the Auditor General also conducts a special examination at least once every ten years to confirm that assets are being safeguarded and controlled; that financial, human and physical resources are being managed efficiently; and that operations are being conducted effectively.

The internal audit regime aims to strengthen accountability, risk management, resource stewardship, and good governance by ensuring that internal audit is a key governance component. Risk-based, multi-year audit plans are developed to identify key risk areas common to all bridge locations. The current audit plan focuses on fraud prevention and ethics, internal controls, currency exchange policies and practices.

5 Strategic Context

FBCL's mission, vision and pillars define the framework for the Corporation's strategic direction as approved by the Board of Directors.

5.1 Mission

FBCL is a Crown corporation responsible for the oversight of Canadian federal interests in four selected international bridge crossings between Canada and the United States.

5.2 Vision

Striving to optimize the safety, security, sustainability and capacity of bridge operations to the benefit of Canada while serving the traveling public with efficiency and respect.

5.3 Pillars

FBCL will fulfill its mission through 5 key pillars:

- Operating with a unified portfolio management approach and strong corporate oversight;
- Stewardship of the bridge assets, focused on safety and security through a program of independent inspections, of appropriate asset management programs and on the provision of excellent customer service;
- Effective use of technology, utilizing common platforms to ensure efficiency of operations and accuracy of information, managed in a manner that limits risk and cost;
- Sustainability of operations, maintenance and administration through a shared revenue approach, prioritized investment, toll optimization and cost containment; and,
- Sound governance of the Corporation, through an optimized structure with the required capacity and skills, and strong relationships with stakeholders.

5.4 Preparing for Tomorrow

Through diligent stewardship of a portfolio management approach the Corporation is continuing forward on the established path:

- Transformational Governance – The focus is on ensuring adequate capacity to move the organization forward while continuing to manage ongoing operations. The Board's commitment to implementation of best practices in corporate governance will support integration and transformation in governance, accountability and human resources.
- Corporate Culture Alignment – FBCL benefits from a unique opportunity to achieve the best managed international bridge portfolio for Canada, through the integration of bridge management staff. This hinges on the successful integration of the people, culture and processes to optimize the organization and move forward to stronger portfolio management.
- Organizational Optimization - As operations continue to be integrated and the portfolio approach is fully imbedded, the Corporation will pursue continuous operational efficiencies that will contribute to controlling operating expenditures, improving performance and reaching financial self-sufficiency.

- Operational Effectiveness – Progress is being made on major capital projects such as completion of Sault Ste. Marie and Thousand Islands ports of entry, new work at International Road at Seaway International Bridge Crossing and fulfillment of the Blue Water Bridge master plan.

5.5 Program Alignment Architecture

FBCL's Program Alignment Architecture (PAA) is intended to support an efficient transportation system and the Government of Canada's stated priorities, most directly that of achieving Strong Economic Growth.

The Program Alignment Architecture is intended to guide continuous improvement of the effectiveness and efficiency of operations through comprehensive risk management, optimization of performance, in planning and delivery of works as well as ensuring stronger corporate reporting and performance management.

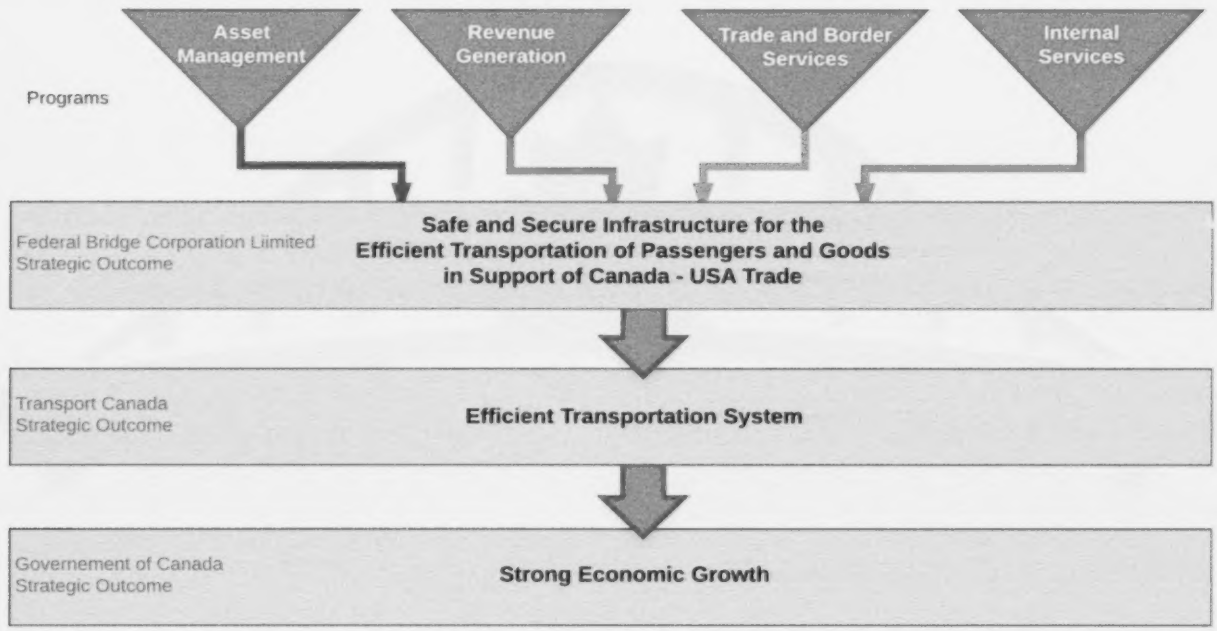
Programs
Asset Management
Revenue Generation
Trade and Border Services
Internal Services
Federal Bridge Corporation Limited Strategic Outcome
Safe and Secure Infrastructure for the Efficient Transportation of Passengers and Goods in Support of Canada - USA Trade
Transport Canada Strategic Outcome
Efficient Transportation System
Government of Canada Strategic Outcome
Strong Economic Growth

Figure 3 Program Alignment Architecture

5.6 Economic Context

As gateways to international trade, FBCL's business operations offer a gauge of the Canadian economy. Conversely, FBCL's business health and growth is directly derived from the robustness and status of the overall Canadian economy. While FBCL is exposed to the volatility of the Canadian dollar, a weaker Canadian dollar relative to the U.S. dollar typically triggers higher exports and results in increasing cross-border commercial traffic.

Fluctuations in the Canadian dollar significantly impact cross-border traffic patterns, and thus the toll revenues generated by international bridges. A weak Canadian dollar and low prices for Canadian gas products immediately decreases cross-border traffic by Canadian consumers for shopping and tourism in the U.S. Flat or declining activity in passenger traffic tolls continue to be recorded at most Canadian international bridge crossings.

For two crossings, Blue Water and Thousand Islands, the decrease in private passenger car traffic caused by recent currency fluctuations has mainly been offset by an increase in commercial traffic.

Canada's top trading partner, the U.S., is facing stronger domestic demand. In the past, this has proven healthy for Canada's export markets but many regional and international challenges in the world economy persist. A downturn to Canada's economic fortunes would be directly reflected in international bridge traffic.

5.7 Beyond the Border Action Plan

The U.S./Canada Beyond the Border Action Plan sets out a range of initiatives to promote security, support trade and drive economic growth, by improving the shared border and by supporting prosperity through improved cross-border trade. This initiative was subject to the strong sponsorship from two government administrations that are no longer in power.

As Canadian Border Services Agency facilities are located at each international bridge crossing, aspects of this government initiative have a direct impact on traffic flow and facilities requirements. FBCL continues to engage with its partners, Canadian Border Services Agency (CBSA) and Transport Canada to meet the objectives of this action plan. Most notable is the complete rehabilitation of the plazas at the Sault Ste. Marie and the Thousand Islands crossings as well as improvements to International Road at the Seaway crossing. Most recently, in December 2015, the U.S. Government included in their federal budget an allocation of $105.0M to rebuild and upgrade the Alexandria Bay border patrol facilities.

These investments are important to support Canada's trade growth. For the Corporation, these new facilities add a lot of operational effectiveness to the bridge plazas. The challenge derived from these new facilities occurs in their long-term maintenance. The maintenance and operation costs will grow exponentially starting in 2017 given the sheer size of the new structures. As revenues are not growing in a similar manner, these costs are directly reducing available funds for the maintenance and rehabilitation of bridge assets. Review of facilities standards across all locations with CBSA is one critical step that needs to be achieved to meet Canada's border needs over the long-term.

Another example of partnership involves joint initiatives to improve traffic flow and reduce border wait-times through the use of technology. At Blue Water Bridge, a partnership is in place with the Michigan Department of Transportation with the support of Transport Canada, the Ministry of Transportation (Ontario), CBSA, the U.S. Federal Highways Administration and U.S. Customs

and Border Patrol. At the Thousand Islands location, initial discussions have been held with New York State representatives to partner on such an initiative.

5.8 Traffic Patterns

As outlined above, the volatility in the value of the Canadian dollar continues to impact traffic patterns. A decline in the dollar typically decreases passenger traffic but this decline is traditionally offset by increases in commercial traffic due to increasing exports. This expected pattern shift has been slower in materializing in this cycle but signs of growth have finally begun to appear. In comparing 2015 to 2016 for all four international bridges, commercial traffic has increased by 3.55% overall. Total traffic has decreased by almost 2% but this loss is lessening relative to the prior year. Both of these trend variables are encouraging.

Sault Ste. Marie, due to the significant regression of its regional economic base, has been the slowest to recover. Other bridges have begun to rebound at a healthier pace. Growth may not yet have been achieved across the board but declines have begun to lessen which is an indicator of a potential bottom and future progress. Bridge traffic trends is as follows:

Table 1 Recent Traffic Shifts

	All Traffic		Commercial Traffic	
Vs Prior Year	2015	2016	2015	2016
Sault Ste. Marie	-20.64%	-8.67%	-4.13%	4.16%
Blue Water	-10.53%	-2.49%	1.04%	4.72%
Thousand Islands	-3.14%	-0.57%	4.40%	-0.46%
Seaway	-2.27%	0.56%	-0.30%	3.10%
All FBCL	-9.29%	-2.39%	1.26%	3.70%
All Crossings	-6.43%	-1.42%	-0.04%	2.68%

5.9 Ten Year Behaviour

Land transport and commercial trucking in particular play key roles in the health of Canada's international trade. Traffic at FBCL administered crossings is therefore a real-time reflection of the present state of Canada's economy. Commercial traffic is a gauge of the strength of Canadian import and export activities.

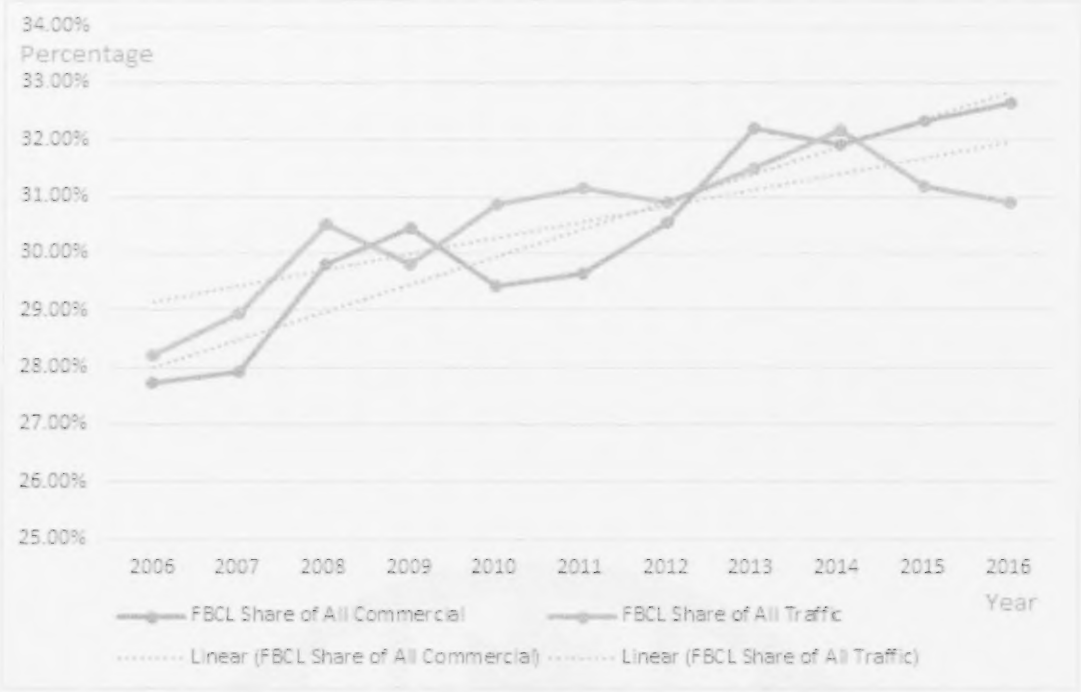

Figure 4 FBCL Market Share Trends

Figure 4 shows trends in FBCL market shares of traffic. FBCL market share is growing although the growth in commercial traffic is outpacing that of overall traffic. FBCL's share growth within the lucrative commercial market demonstrates positive contrast to commercial traffic using all of Ontario's other international crossings.

5.10 Stakeholders

The Corporation has a variety of stakeholders that add layers of complexity to its operations, policy establishment, and delivery of projects. These include federal partners such as Transport Canada, Canadian Border Services Agency, Canadian Food Inspection Agency, Public Works and Procurement Canada, U.S. Customs and Border Protection as well as provincial and municipal governments and agencies, local First Nations communities, the U.S. government and agencies, multiple law enforcement agencies, trade unions and emergency responders. FBCL works in close collaboration with these stakeholders and the surrounding communities to ensure efficient border crossings. Similarly, FBCL cooperates with its U.S. partners to coordinate efforts to ensure the safe, efficient and reliable movement of international traffic. The process involves extensive communication, the establishment of common understanding, and responsiveness to unplanned situations that can arise in a dynamic border environment. These partnerships are based on ten year renewable agreements.

5.11 Labour Relations

The collective agreement with Blue Water Bridge unionized employees expired in November 2014 and ultimately resulted in the establishment of a new five-year agreement on December 12, 2016.

5.12 Indigenous Communities

It is the Crown's "duty to consult" indigenous groups whose actual or potential rights could be affected by government actions.

In Cornwall, there are historical agreements in place, varying interpretations of acquired rights, and a land claim over the original expropriation of Akwesasne Reserve land for the construction of the crossing and other components of the Saint Lawrence Seaway. One arrangement grants free passage to members of the Mohawk community, which represents at least $4.8M in uncollected revenue each year. As a result, the crossing facilities continue to experience a proportional level of wear and depreciation that cannot be offset through tolling. For the past two years, the level of traffic has proven to be significant. Roughly 70% of passenger vehicles and nearly 30% of commercial trucks making the crossing are exempt from tolls.

FBCL and its SIBC subsidiary maintain dialogue with the Mohawk Council of Akwesasne on all major projects and on various operational matters to address identified issues. The Corporation has a Memorandum of Understanding in place with this Council for the North Channel bridge project that provides for the inclusion of minimum works to be executed by Mohawk contractors and workers. SIBC also has a number of employees from the Mohawk community.

In Point Edward, the Blue Water Bridge resides in an area of significant historical importance for the Aamjiwnaang First Nation. A Memorandum of Understanding is in place with this community that reflects a common respect of the region's history and establishes a protocol of consultation for certain projects and a partnership when indigenous discoveries are made. Blue Water Bridge operators maintain on-going dialogue with indigenous community leaders and support the recognition of local heritage through various initiatives such as the maintenance of the Souls Memorial near the bridge.

5.13 Competition

There are various ownership and management models for international bridges. The Blue Water Bridge faces the most competition, specifically from the Detroit-Windsor Tunnel, the Ambassador Bridge and the soon to be constructed Gordie Howe International Bridge.

Through active management of traffic flows, Blue Water has robustly established itself as the second busiest commercial crossing between Canada and the US.

On other fronts, the Thousand Islands and Seaway locations compete with the Ogdensburg International Bridge that operates under a different, privatized business model. The competitive

tolling rates employed in the region constrains FBCL's toll rate management at the Thousand Islands and Seaway crossings.

FBCL monitors its competitors and adjusts plans including increasing tolls, monitoring expenses and debt levels carefully as well as looking at other revenue generating opportunities to attempt to ensure long-term financial sustainability of all four international crossings.

5.14 Technology

Bridge users, like many in North America, are quickly advancing towards non-cash models of payment. To ensure ongoing efficiency of operations, FBCL must remain responsive with technology. The use of technology by all bridge plaza stakeholders is increasing at a rapid pace.

6 Risk Management

FBCL considers risk management to be a shared responsibility. Accordingly, members of the Board of Directors, its committees, the President and CEO, and all employees are accountable for managing risk within their area of responsibility. Risk management policies ensure a consistent, comprehensive and enterprise-wide risk management approach that is integrated into planning, decision-making and operational processes.

The Board is accountable with the President and CEO for the overall stewardship of the Corporation. The Board sets the strategic direction and:

- Provides direction on risk management, including risk tolerance;
- Provides corporate leadership on risk management and responsibility for strategic risks in the Corporate Risk Profile;
- Ensures that the key risks have been identified and that appropriate systems and resources to manage these risks have been put in place;
- Ensures that information systems and management practices meet corporate needs and give the Board confidence in the integrity of information produced; and
- Communicates high residual risks to the Minister of Transport.

At present, the key risks identified for the Corporation include: toll management software and technology innovations, financial sustainability, asset security and integrity and competition.

7 Performance Management

International bridges are complex operations that feature the collection of tolls, traffic management, inspections, maintenance functions, capital projects, and currency exchange activities.

A number of policy and operational issues must be identified and assessed to ensure the most effective and efficient behaviour and reduce risk. During the planning period, FBCL will be undertaking a review of each of these components across the portfolio in order to implement best-practices, and to continuously improve the delivery of the mandate.

FBCL's plans and priorities are classified within the four main program groups defined by its Program Alignment Architecture. Each program is subject to the same set of inputs however the needs of each input drives program emphasis to produce its own outcomes.

The base set of factors driving FBCL programs consists of the international bridges themselves including their locations, capacities and state of maintenance; travellers both private and commercial; FBCL staff and the services that they provide; and revenue generated from tolls and other sources. Influencing and affecting these primary inputs are a number of complementary and competing factors that include legislative regulations; requirements of partners and bilateral agreements; indigenous peoples policies; internal policies and procedures; federal funding support; currency fluctuations; the attractiveness of competing facilities and the general socio-political-economic climate and events in which business is conducted.

7.1 Program 1 – Asset Management

As stewards of four of Canada's international bridge crossings, it is necessary to invest prudently in the maintenance, rehabilitation and, at times, complete replacement of bridge and bridge plaza assets.

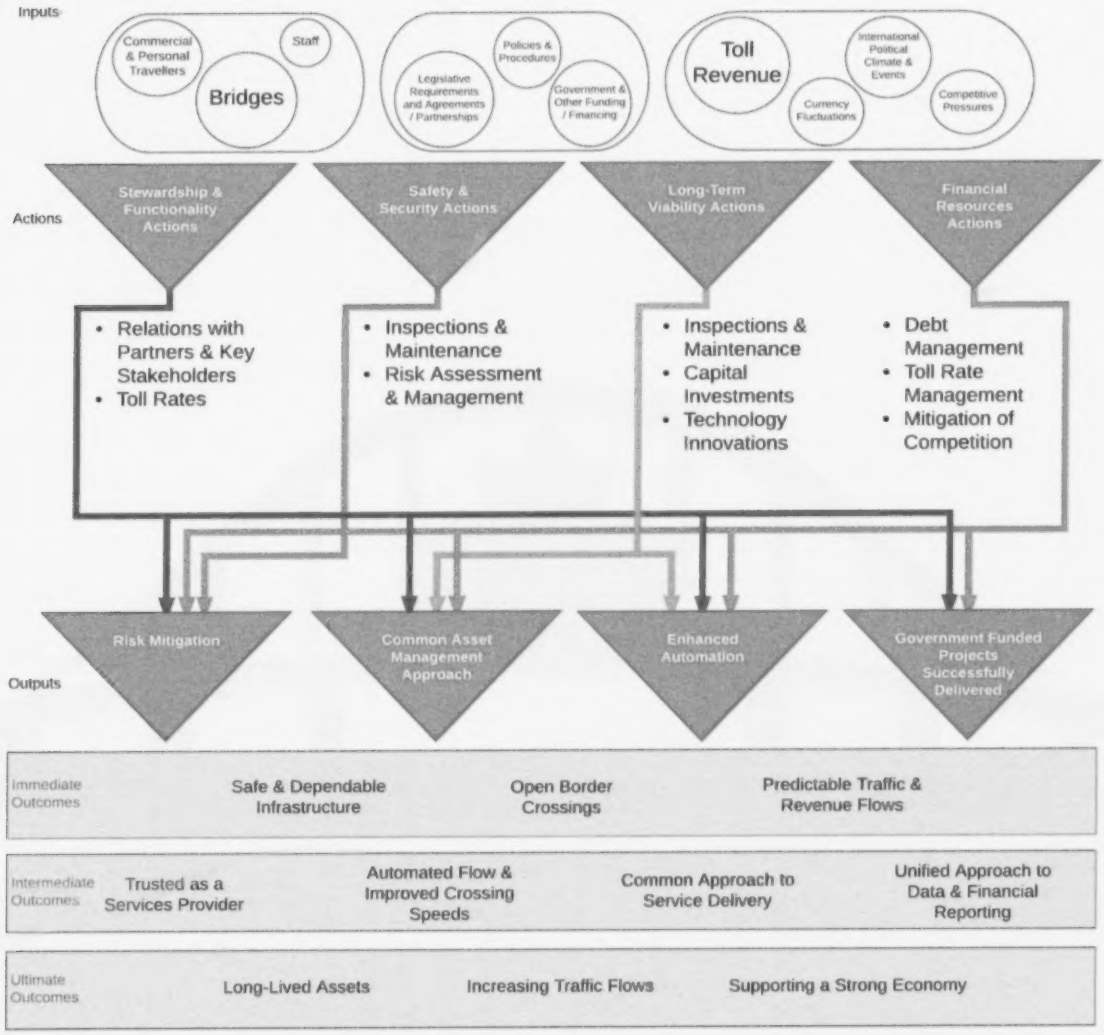

Figure 5 Asset Management Logic Model

7.2 Program 2 – Revenue Generation

FBCL will be enhancing the management of its revenue sources to strengthen their predictability and identify areas for financial growth.

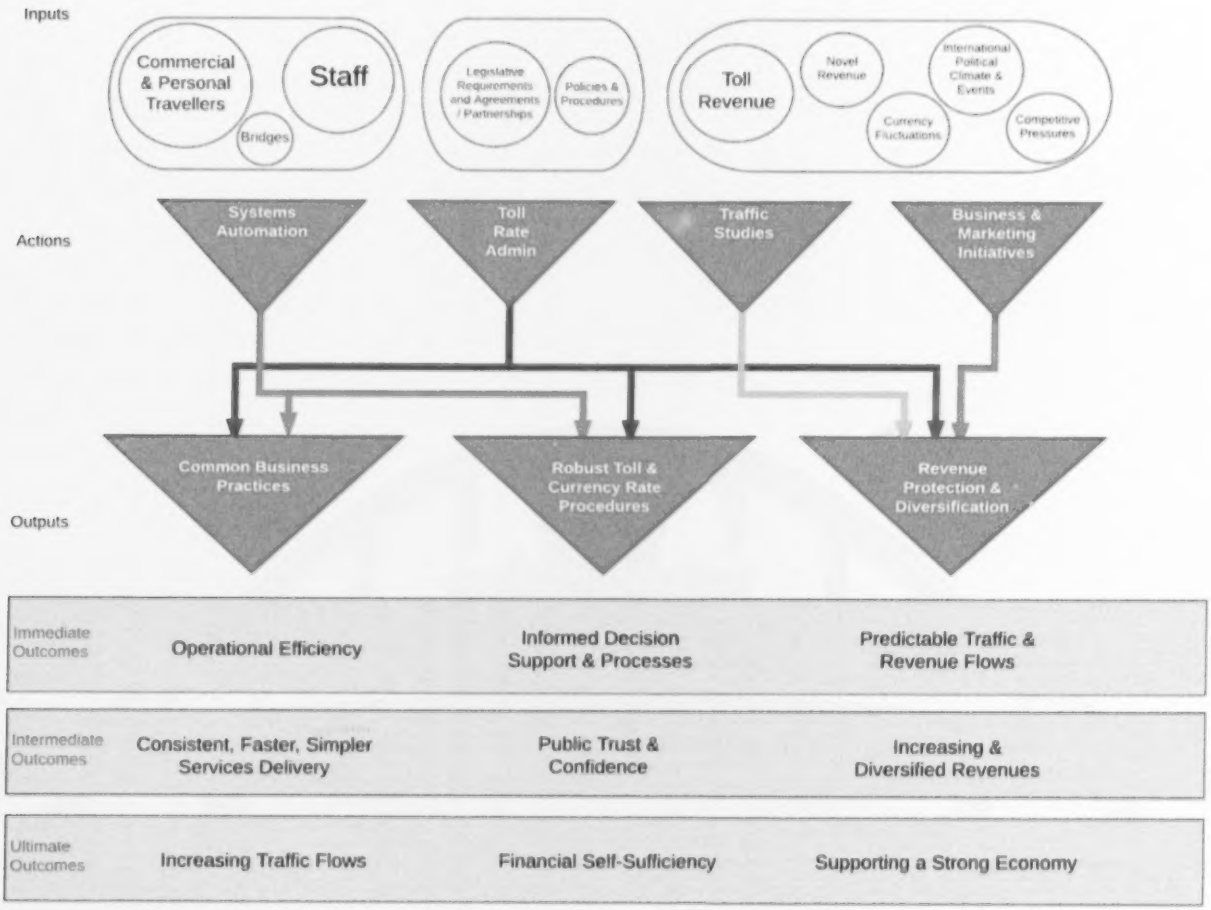

Figure 6 Revenue Generation Logic Model

7.3 Program 3 – Trade and Border Support

In this area, FBCL will be reviewing operations to further identify best practices and implement them at all bridges. Regular meetings will persist at each bridge location with all local stakeholder entities in order to continuously improve coordination and communication.

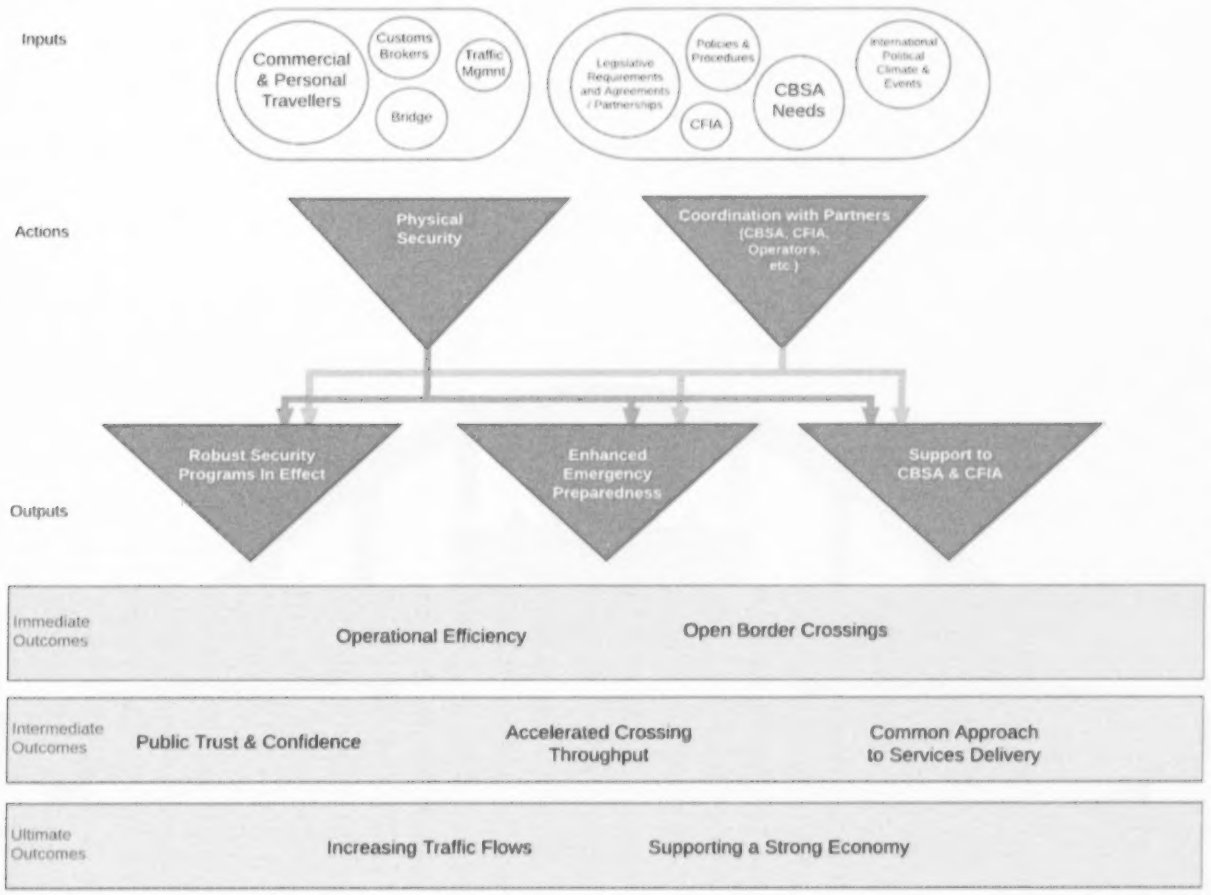

Figure 7 Trade and Border Support Logic Model

7.4 Program 4 – Internal Services

Internal Services are groups of related activities and resources that support overall strategic outcomes and other corporate obligations. Internal services include management support, and resource management services such as finance, information technology and systems, internal audit, risk management, business planning and reporting, communications, organizational security and human resources.

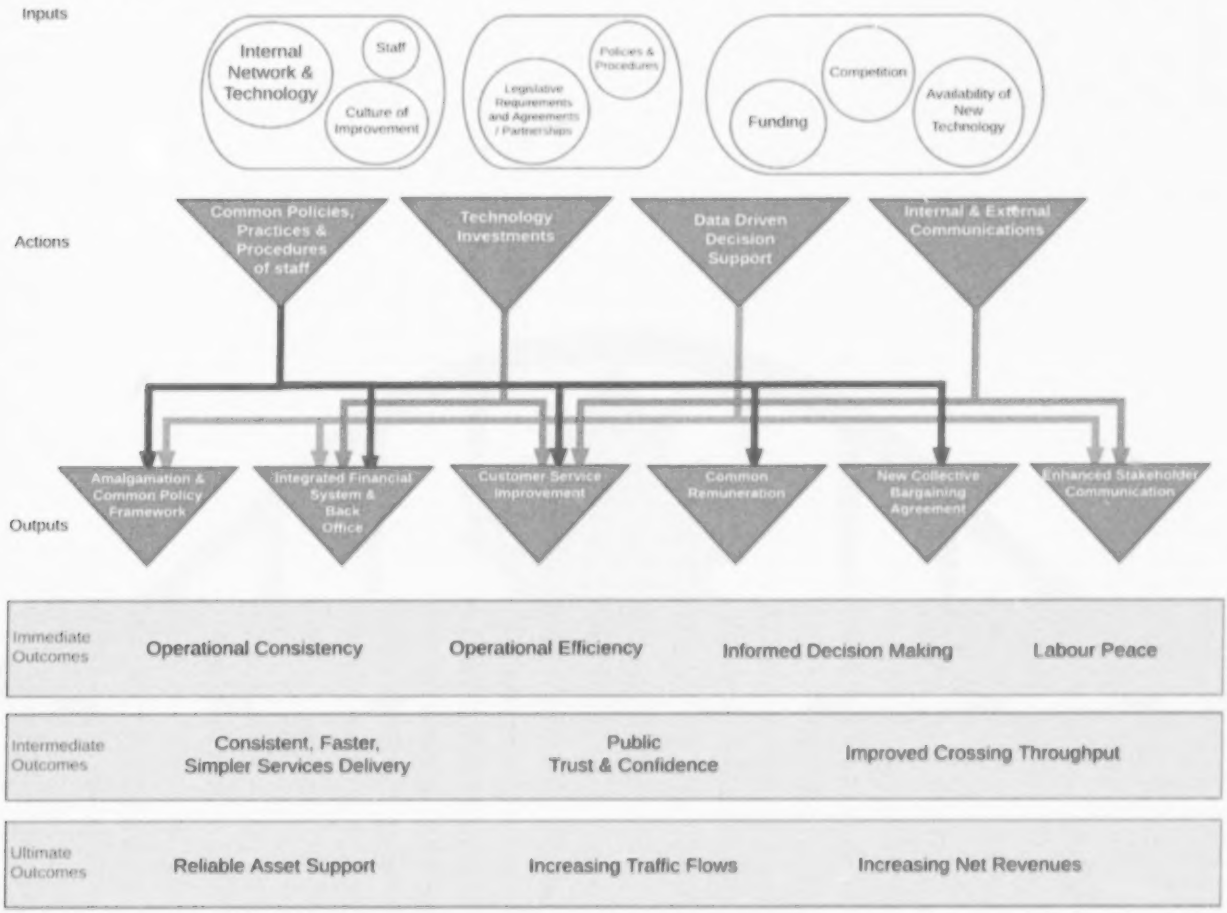

Figure 8 Internal Services Logic Model

8 Financials

This Corporate Plan presents the first such operational view post amalgamation with full prior year comparison values and the consolidated financial picture reflects consolidated accounting under IFRS.

For FY2016-17, forecasted expenses are outpacing budgeted values by $1.36M however this has been more than positively offset by $5.69M in additional revenue. The difference between current forecasts and prior budgeted values is largely due to improvements in expected traffic trends and diligent toll rate management. Increased expenses were primarily the result of a mid-year review of asset life components resulting in higher depreciation amounts.

Ultimately, FBCL is expecting to close FY2016-17 with a favourable financial position that closely mirrors that of the prior year.

The budgeting outlook beyond 2018 assumes steady and stable traffic flows and growth; operational behaviour that is consistent with current approaches; and, adjustments made for typical, predictable economic factors such as inflation. Potential income growth resulting from new, future revenue sources or expenses from significant, unplanned capital investments are not reflected in future budget forecasts.

The following investments to assets have been included in the capital budget:

Crossing	Investment
Sault Ste. Marie	Bridge painting
	CBSA Port of Entry construction
Blue Water	Emergency ramp construction
	Site improvements, utilities and communications upgrades
	Bridge and plaza security enhancements
	Follow-through with main Master Plan recommendations
Thousand Islands	CBSA Port of Entry construction
	Warren truss bridge repairs
	Toll infrastructure renewal
Seaway	Final bridge alignment
	International Road improvements

8.1 Financial Statements

Table 2 Consolidated Statement of Financial Position

as at March 31 (in thousands of dollars)	Actual 2015-16	Current Forecast 2016-17	Main Budget 2016-17	Budget 2017-18	2018-19	2019-20	2020-21	2021-22
ASSETS								
Current Assets								
Cash and cash equivalents	13,240	14,160	7,655	11,046	11,300	11,072	11,139	11,021
Investments	23,787	26,000	14,000	22,500	18,000	18,500	18,500	18,000
Trade and other receivables	5,684	6,000	6,000	3,500	2,750	2,500	1,500	1,500
Prepaids	407	390	500	500	500	500	500	500
TOTAL CURRENT ASSETS	43,118	46,550	28,155	37,546	32,550	32,572	31,639	31,021
Non-current Assets								
Capitalized assets	340,548	374,668	386,196	405,078	396,654	386,895	379,604	372,751
Lessor Inducement	280	264	-	248	232	216	200	184
Investments	4,800	6,500	6,300	7,500	7,500	8,000	12,000	12,000
TOTAL NON-CURRENT ASSETS	345,628	381,432	392,496	412,826	404,386	395,111	391,804	384,935
TOTAL ASSETS	388,746	427,982	420,651	450,372	436,936	427,683	423,443	415,956
LIABILITIES								
Current liabilities								
Trade and other payables	11,350	10,200	9,226	9,000	7,000	6,500	6,575	6,650
Employee benefits	565	600	680	605	610	616	622	629
Provisions	2,526	900	225	-	-	-	-	-
Holdbacks	2,157	2,777	1,250	2,453	466	325	455	487
Deferred revenue	3,200	3,524	2,850	3,542	3,576	3,639	3,758	3,794
Current portion of loans payable	4,006	4,787	4,589	3,504	2,428	139	2,834	-
Current portion of bonds payable	4,269	4,556	4,556	4,863	5,191	5,540	5,914	6,312
Current portion of deferred capital funding	272	1,337	1,363	3,694	3,694	3,694	3,694	3,694
TOTAL CURRENT LIABILITIES	28,345	28,681	24,739	27,661	22,965	20,453	23,852	21,566
Non-current Liabilities								
Loans payable	13,566	8,906	8,906	5,402	2,974	2,834	-	-
Bonds payable	66,471	61,915	61,915	57,052	51,861	46,320	40,407	34,095
Employee benefits	7,435	7,500	8,150	7,650	7,800	7,950	8,100	8,250
Deferred revenue	1,971	2,170	1,900	2,182	2,203	2,241	2,315	2,337
Deferred capital funding	30,628	74,264	74,214	104,457	102,263	98,569	94,875	91,181
Provisions	1,462	-	-	-	-	-	-	-
Leasee inducement	65	271	-	248	226	203	181	157
TOTAL NON-CURRENT LIABILITIES	121,598	155,026	155,085	176,991	167,327	158,117	145,878	136,020
TOTAL LIABILITIES	149,943	183,707	179,824	204,652	190,292	178,570	169,730	157,586
EQUITY								
Retained earnings	238,723	244,075	240,521	245,520	246,444	248,913	253,513	258,170
Accumulated other comprehensive income	80	200	306	200	200	200	200	200
TOTAL EQUITY	238,803	244,275	240,827	245,720	246,644	249,113	253,713	258,370
TOTAL LIABILITIES AND EQUITY	388,746	427,982	420,651	450,372	436,936	427,683	423,443	415,956

Table 3 Consolidated Statement of Comprehensive Income

for the year ending March 31 (in thousands of dollars)	Actual 2015-16	Current Forecast 2016-17	Main Budget 2016-17	Budget 2017-18	2018-19	2019-20	2020-21	2021-22
REVENUES								
Tolls and services	27,756	30,904	26,757	31,048	31,351	31,937	33,082	33,405
Leases and permits	4,085	4,157	3,595	4,200	4,236	4,273	4,310	4,347
Currency exchange	1,304	1,250	1,350	1,313	1,326	1,339	1,353	1,366
International Thousand Islands Bridge revenue	6,076	6,541	5,793	6,541	6,573	6,606	6,970	7,004
Interest	578	632	618	641	594	556	519	520
Other	366	354	32	33	35	36	37	39
TOTAL REVENUE	40,165	43,838	38,145	43,776	44,115	44,747	46,271	46,681
EXPENSES								
Operations	3,972	4,703	5,205	5,953	5,763	5,922	5,246	5,372
Thousand Islands International Bridge expenses	4,442	4,619	3,963	4,345	4,424	4,667	4,749	4,834
Currency exchange	670	823	817	873	895	919	943	967
Maintenance	8,251	4,788	4,495	5,042	5,119	5,153	5,282	5,434
CBSA & CFIA operations	2,317	2,040	2,872	2,174	2,463	2,742	2,809	2,877
Administration	6,446	6,502	6,613	6,644	6,817	6,876	7,057	7,246
Restructuring costs	154	300	300	200	-	-	-	-
Depreciation	12,869	13,980	12,132	14,584	17,137	15,846	15,808	15,957
TOTAL EXPENSES	39,121	37,755	36,397	39,815	42,619	42,125	41,894	42,687
OPERATING INCOME BEFORE GOVERNMENT FUNDING	1,044	6,083	1,748	3,961	1,496	2,622	4,377	3,994
GOVERNMENT FUNDING								
Funding with respect to decommissioning liability	9,770	3,852	3,021	900	-	-	-	-
Amortization of deferred capital funding	230	511	833	1,337	3,694	3,694	3,694	3,694
TOTAL GOVERNMENT FUNDING	10,000	4,363	3,854	2,237	3,694	3,694	3,694	3,694
NON-OPERATING ITEMS								
Interest expense	(5,529)	(5,094)	(5,094)	(4,753)	(4,266)	(3,847)	(3,471)	(3,031)
TOTAL NON-OPERATING ITEMS	(5,529)	(5,094)	(5,094)	(4,753)	(4,266)	(3,847)	(3,471)	(3,031)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5,515	5,352	508	1,445	924	2,469	4,600	4,657

Table 4 Consolidated Statement of Changes in Equity

for the year ending March 31 (in thousands of dollars)	Actual 2015-16	Current Forecast 2016-17	Main Budget 2016-17	Budget 2017-18	2018-19	2019-20	2020-21	2021-22
BALANCE, BEGINNING OF YEAR	**233,047**	238,803	240,319	244,275	245,720	246,644	249,113	253,713
Net income	**5,515**	5,352	508	1,445	924	2,469	4,600	4,656
Actuarial gains	**467**	-	-	-	-	-	-	-
Investments (AOCI)	**(226)**	120	-	-	-	-	-	-
BALANCE, END OF YEAR	**238,803**	244,275	240,827	245,720	246,644	249,113	253,713	258,369
Made up of:								
- Retained earnings	**238,723**	244,075	240,827	245,520	246,444	248,913	253,513	258,169
- Accumulated OCI	**80**	200	-	200	200	200	200	200

Table 5 Operating Budget

for the year ending March 31 (in thousands of dollars)	Actual 2015-16	Current Forecast 2016-17	Main Budget 2016-17	Budget 2017-18	2018-19	2019-20	2020-21	2021-22
FUNDING								
Tolls	27,756	30,904	26,757	31,048	31,351	31,937	33,082	33,405
Leases and permits	4,085	4,157	3,595	4,200	4,236	4,273	4,310	4,347
Currency exchange	1,304	1,250	1,350	1,313	1,326	1,339	1,353	1,366
International Thousand Islands Bridge operating revenues	6,076	6,541	5,793	6,541	6,573	6,606	6,970	7,004
Interest	578	632	618	641	594	556	519	520
Other	366	354	32	33	35	36	37	39
TOTAL FUNDING	40,165	43,838	38,145	43,776	44,115	44,747	46,271	46,681
EXPENSES								
Operations	3,972	4,703	5,205	5,953	5,763	5,922	5,246	5,372
Thousand Islands International Bridge expenses	4,442	4,619	3,963	4,345	4,424	4,667	4,749	4,834
Currency exchange	670	823	817	873	896	919	943	967
Maintenance	8,251	4,788	4,495	5,042	5,119	5,153	5,282	5,434
CBSA & CFIA operations	2,317	2,040	2,872	2,174	2,463	2,742	2,809	2,877
Administration	6,446	6,502	6,613	6,644	6,817	6,876	7,057	7,246
Restructuring costs	154	300	300	200	-	-	-	-
TOTAL EXPENSES	26,252	23,775	24,265	25,231	25,482	26,279	26,086	26,730
EXCESS OF FUNDING OVER EXPENDITURES	13,913	20,063	13,880	18,545	18,633	18,468	20,185	19,951

Table 6 Financial Summary by Location

for the year ending March 31 (in thousands of dollars)	Actual 2015-16	Current forecast 2016-17	Main Budget 2016-17	Budget 2017-18	2018-19	2019-20	2020-21	2021-22
Total comprehensive income as per 5-year Financial Summaries								
Sault Ste. Marie International Bridge	(1,120)	(1,192)	(383)	(603)	(567)	(180)	(225)	(334)
Blue Water Bridge & Ottawa office	(968)	4,015	449	2,245	2,851	3,984	5,934	6,225
Thousand Islands Bridge	(1,097)	1,007	79	1,083	(61)	(47)	174	91
Seaway International Bridge	8,336	1,465	306	(1,280)	(1,299)	(1,288)	(1,283)	(1,326)
Inter-company eliminations	364	57	57	-	-	-	-	-
Total comprehensive income	5,515	5,352	508	1,445	924	2,469	4,600	4,656
Per Consolidated Statement of Comprehensive Income	5,515	5,352	508	1,445	924	2,469	4,600	4,656

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9 Prior Year Performance Assessment

The following are the corporate objectives, strategies and performance targets by activity that we are delivering in 2016-17 and will continue to undertake to deliver the mandate. This relays information that is known as of December 31, 2016.

9.1 Program 1 – Asset Management

Objective	Performance Indicators	Timeline	Status
1) Mitigate risks through regular bridge inspections, undertake all minor repairs within available funding and identify/prioritize long-term major rehabilitation requirements	Reporting of results of inspection program and repairs undertaken at each bridge	Annually	Met. Inspections undertaken at the four bridges. All considered to be in good condition with maintenance performed as required. Inspection reports submitted to Transport Canada
	Formal reports on asset risks as part of the Enterprise Risk Management (ERM)	Annually	Partially met. Bridge asset risks are assessed quarterly. Reports presented to Boards of Directors. Additional in-depth information is being collected for analysis and reporting
2) Develop asset management program	Complete detailed inventory of assets	2016-17	On-going. Schedule displaced to 2017-18 by unexpected operational priorities
	Inspect and validate useful life of each asset including cyclical interventions required	2016-18	Committed to objective. Presently in planning stages

Objective	Performance Indicators	Timeline	Status
	Select and implement asset management system to collect, analyze and report on asset data	2017-19	Committed to objective. Presently in planning stages
	Establish long-term asset management plan	2018-19	Committed to objective. Presently in planning stages
3) Enhance electronic and automation capacity of toll systems at international bridges	Implement electronic tolling at international bridges as follows: • Blue Water	2015-17	Partially Met. Equipment in place and in use for all lanes. Back office systems are active. Software gaps are being addressed to achieve full functionality
	• Thousand Islands	2016-17	Ongoing toll infrastructure works initiated. New toll software implementation displaced to 2017-19 due to unexpected high market bids
4) Deliver government funded major international bridge construction projects on time and on budget	Sault Ste. Marie: Customs Plaza Rehabilitation ($51.6M)	2013-18	On target. Project on time and on budget completion. The CBSA traffic building, maintenance garage and Duty Free store have been completed

Objective	Performance Indicators	Timeline	Status
	Thousand Islands: Renewal of the CBSA facility ($60M)	2014-18	On target. Project on time and on budget. Utility and service building completed, primary building erected and civil works are well advanced
	Cornwall: North Channel Bridge ($74.8M)	2014-17	On target. Project substantively completed. Final weather dependent landscaping elements to be delivered Spring 2017

9.2 Program 2 – Revenue Generation

Objective	Performance Indicators	Timeline	Status
1) Align toll rate policies and business rules within the portfolio	Progress towards alignment	Annually	Ongoing. All policies aligned for changes in foreign exchange values
	Development and implementation of a tolling internal audit program	2017-18	Committed to objective. Dependent on finalization of the toll software project
2) Review robustness and service delivery methods of currency exchange activity	Maintain FINTRAC compliance for currency exchange activity	Annually	Ongoing
3) Review revenue generation opportunities to assist in funding long-	Secure additional rent or lease all available facilities within bridge plazas	2016-18	On target. Eligible leases renewed to date this year

Objective	Performance Indicators	Timeline	Status
term capital requirements	Seek other sources of revenue	Annually	On target. Business and Marketing Principal hired to lead revenue diversification activities
	Develop marketing plan and customer relationship management strategy	2017-18	Progressing on schedule. Business and Marketing Principal hired to lead revenue generation activities

9.3 Program 3 – Trade and Border Support

Objective	Performance Indicators	Timeline	Status
1) Ensure security programs are in place at all international crossings	Security plans and programs at all locations are reviewed and meet all IBTA requirements	Annually	On target
2) Enhance emergency preparedness	Emergency Management Plans at each location are reviewed	Annually	On target
	Strategic Emergency Management Plan developed	2016-17	Committed to objective. Schedule displaced to 2017-18 by unexpected operational priorities

Objective	Performance Indicators	Timeline	Status
3) Support needs of federal partners CBSA and CFIA	Provide necessary services as per legislation for CBSA and CFIA to meet their border objectives	Annually	On target. Delivering two new facilities in Sault Ste. Marie and Thousand Islands, identified creative solutions to meet expressed statement of requirements. Provided ongoing facilities support and maintenance at three international bridge locations

9.4 Program 4 – Internal Services

Objectives	Performance Indicators	Timeline	Status
1. Implement a common policy framework	Inventory of internal services and policies, processes and systems completed and integration plan established	2015-17	On target
	Internal services policies, processes and systems (HR, Finance, IT) integrated	2015-17	Ongoing. IT infrastructure and compensation systems largely completed. Finance integration plan implementation advanced. Employee benefits review underway

Objectives	Performance Indicators	Timeline	Status
2. Deliver amalgamation as announced in Bill C-4 *Economic Action Plan 2013 Act*, No. 2	International agreement negotiated and amalgamation with SIBC completed (dependant on TC bi-national discussions)	To be determined	Not met. Contingent upon an agreement being reached with the U.S. partner, SLSDC. TC is lead in federal bi-lateral discussions
3. Enhance stakeholder communications ensuring that users are well informed of corporate changes, the status of works and resulting traffic disruptions using social media and other tools	Complete renewal of website	2016-17	Ongoing. Basic website integration completed. Fulsome review, integration and modernization in planning stages
	Tracking statistics on number of subscribers and visitors to social media sites, and other mechanisms used.	Annually	Completed
4. Develop foundation for a customer relationship management strategy	Portfolio baseline data on commercial and passenger clients collected, analyzed and gaps identified	2017-18	Ongoing. Base data available for all bridges. Analysis and gap identification to follow
	Customer surveys conducted on a prioritized basis	2016 - 18	Committed to objective. Initial planning underway
5. Pension plan directive implementation	Status of pension implementation strategy	2017	Committed to objective. Implementation plan under development for timely completion

Objectives	Performance Indicators	Timeline	Status
6. Financial self-sufficiency	Degree to which toll revenue covers expenses by crossing and portfolio-wide	Annually	On target. Mid-year, ratio of revenues to expenses were improved compared to prior year forecast
7. Financial system integration	Full integration of financial systems and enhancements	2016-18	Ongoing. All users were migrated to common system and full upgrade to financial system underway
8. Information management and technology	Complete integration of network	2016-17	On target.
	Integration and improvement of information management systems	2016-20	Ongoing. Needs assessment under way for information management, human resources and asset management systems
9. Negotiate a new collective agreement with the bargaining agent for unionized employees	Conclusion of negotiations between management and union including ratification of new collective agreement	2016	Met. Collective agreement signed December 2016

10 Appendix 1 - List of Abbreviations

ATIP	ACCESS TO INFORMATION AND PRIVACY
BWBA	BLUE WATER BRIDGE AUTHORITY
CBCA	*CANADA BUSINESS CORPORATIONS ACT*
CBSA	CANADA BORDER SERVICES AGENCY
CEO	PRESIDENT AND CHIEF EXECUTIVE OFFICER
FAA	*FINANCIAL ADMINISTRATION ACT*
FBCL	THE FEDERAL BRIDGE CORPORATION LIMITED
IBA	INTERNATIONAL BRIDGE ADMINISTRATION
IBTA	*INTERNATIONAL BRIDGES AND TUNNELS ACT*
IFRS	INTERNATIONAL FINANCIAL REPORTING STANDARDS
MCA	MOHAWK COUNCIL OF AKWESASNE
MDOT	MICHIGAN DEPARTMENT OF TRANSPORTATION
PAA	PROGRAM ALIGNMENT ARCHITECTURE
PBOA	PUBLIC BRIDGE OPERATORS ASSOCIATION
PSPC	PUBLIC SERVICES AND PROCUREMENT CANADA
SIBC	THE SEAWAY INTERNATIONAL BRIDGE CORPORATION LIMITED
SLSDC	ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
SMRBC	ST. MARY'S RIVER BRIDGE COMPANY
SSMBA	SAULT STE. MARIE BRIDGE AUTHORITY
TC	TRANSPORT CANADA
TIBA	THOUSAND ISLANDS BRIDGE AUTHORITY

11 Acknowledgements

The Federal Bridge Corporation Limited wishes to acknowledge and recognize the invaluable assistance received from its international bridge partners in planning, operating and realizing capital projects at all crossings:

- the International Bridge Administration;
- the Michigan Department of Transportation;
- the Thousand Islands Bridge Authority; and
- the St. Lawrence Seaway Development Corporation.

The preparation of this plan was accomplished with the dedicated cooperation and collaboration of many individuals. It is intended to provide complete and reliable information as a basis for the establishment of governmental approvals, managerial decisions, and to ensure the diligent stewardship of the assets and resources of the Corporation.